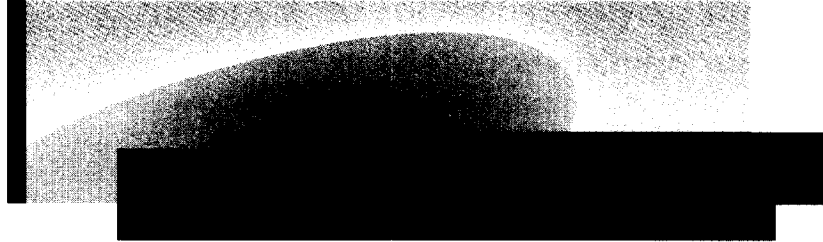


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# Canadian Residents Going Down South

**Cette brochure est offerte en français sous le titre *Résidents canadiens qui séjournent dans le Sud*.**

Blind or visually impaired persons can get this publication in braille and large print, and on audio cassette and computer diskette. In Canada, please call ~~1-800-267-1267~~ weekdays between 8:15 a.m. and 5:00 p.m. (Eastern Time) for details. In the United States, call the International Taxation Office at ~~1-800-267-5177~~.

### **Your opinion counts!**

We review this pamphlet each year. If you have any comments or suggestions that would help us improve the explanations it contains, we would like to hear from you.

Please send your comments to:

Client Assistance Directorate  
~~400 Cumberland Street~~  
~~Ottawa ON K1A 0L8~~  
CANADA

The Internal Revenue Service of the Government of the United States of America provided information for the "Do U.S. tax laws apply to you?" section.

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## Introduction

This pamphlet will help you understand the United States (U.S.) tax laws that may affect you if you're in the U.S. for a vacation or for your health, **and** you maintain residential ties in Canada. It will also give you information about Revenue Canada requirements that may affect you.

The comments in the sections called “Do U.S. tax laws apply to you?” and “How Canadian income tax laws apply” **don't** apply to you if:

- you're a U.S. citizen;
- you have been granted permanent resident status by the U.S. Immigration and Naturalization Service (i.e., granted a “green card”); or
- you have residency ties to a country **other than** the U.S. and Canada.

For U.S. tax information in the above situations, contact the Internal Revenue Service (IRS), ~~60 Queen Street, Suite 201, Ottawa ON K1P 5Y7~~. You can also call the IRS at ~~(613) 563-1834~~. If you're in the U.S., contact the IRS office in your area.

For information about your Canadian residency status, and other Canadian income tax information, contact the International Taxation Office or the Revenue Canada income tax office in your area. See page 20 for details.

### **Were you in the U.S. for business or employment reasons?**

If you were, you should get the *Canadian Residents Abroad* pamphlet for help completing your Canadian income tax return. Contact the IRS for information about your U.S. tax requirements.

## Do U.S. tax laws apply to you?

As a Canadian resident who spends part of the year in the U.S., you are considered either a **resident alien** or a **non-resident alien** of the U.S. for tax purposes.

**Resident aliens** are generally taxed in the U.S. on income from all sources, worldwide, and **non-resident aliens** are generally taxed in the U.S. only on income from U.S. sources. Therefore, it is important for you to determine if you are a resident alien or a non-resident alien.

### Are you a resident alien?

You're considered a resident alien if you meet the "substantial presence test."

- **If you were in the U.S. for less than 31 days in 1994, you don't meet the substantial presence test.**

If this is your situation, you're considered a non-resident alien of the United States. The comments in this section don't apply to you; however, you should read "Do you have to file a U.S. return?" on page 11.

- **If you were in the U.S. for 183 days or more in 1994, you meet the substantial presence test.**

If this is your situation, you're considered a resident alien of the United States. The comments in this section and the following section don't apply to you; however, you should read "Residence under the treaty" and "Do you have to file a U.S. return?" on pages 10 and 11 of this pamphlet.

- **If you were in the U.S. for 31 to 182 days in 1994, you may meet the substantial presence test.**

## **What is the substantial presence test?**

This test uses the number of days you were in the U.S. during a three-year period (the current and the two previous years) to determine if you are a resident alien or a non-resident alien. To determine your residency status for 1994, you need to find out if you meet the substantial presence test by calculating the number of days you were present in the U.S. during 1992, 1993, and 1994:

- each day in 1994 counts as a full day;
- each day in 1993 counts as one-third of a day; and
- each day in 1992 counts as one-sixth of a day.

The days don't have to be consecutive, and you are treated as being present in the U.S. on any day whether you were there for part or all of a day.

**If your total is more than 182 days, you have met the substantial presence test and are considered a resident alien for 1994.** See "Are you a non-resident alien?" on page 7 for more information about your U.S. residency status.

**If your total is 182 days or less, you're considered a non-resident alien for 1994.** See "Do you have to file a U.S. return?" on page 11.

### **Tax Tip**

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If you were in the U.S. for 122 days or more in each of 1992, 1993, and 1994, you don't have to calculate your total days — you meet the **substantial presence test!** See "Are you a non-resident alien?" on page 7 for more information about your U.S. residency status.

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### **Example**

Hugh and Anne are residents of Canada, and own a trailer home in Florida, where they spend each winter. Although they have no U.S.-source income, they need to determine their U.S. residency status. To do this, Hugh and Anne have to figure out how many days they were in the U.S. for 1992, 1993, and 1994.

During 1994, they were in the U.S. from January 1 to April 12, and from November 13 to December 31 (**151 days**).

During 1993, they were in the U.S. from January 1 to April 1, and from November 15 to December 31 (**138 days**).

During 1992, they were in the U.S. from January 1 to April 4, and from November 1 to December 31 (**156 days**).

Each day they were in the U.S. during 1994 counts as a full day (**151**). Each day they were in the U.S. during 1993 counts as one-third of a day ( $138 \times 1/3 = 46$ ). Each day they were in the U.S. during 1992 counts as one-sixth of a day ( $156 \times 1/6 = 26$ ).

They add the subtotals:  $151 + 46 + 26 = 223$ . Since this total is more than 182 days during the three-year period, they meet the substantial presence test, and they are considered **resident aliens** by the U.S. for 1994.

For more information on this subject, see Chapter 1 of IRS Publication 519, *U.S. Tax Guide for Aliens*.

### **Are you a non-resident alien?**

You are a non-resident alien if you don't meet the substantial presence test.

If you have determined that you are a non-resident alien, read "Do you have to file a U.S. tax return?" on page 11.

If you have determined that you are a **resident alien** because you meet the substantial presence test, you can be considered a **non-resident alien** if:

- you were present in the U.S. for less than 183 days in 1994;
- your “tax home” is in Canada; and
- you had a “closer connection” to Canada than to the U.S. during 1994.

### **What is a tax home?**

If you're employed or self-employed, your tax home is the location of your principal place of business or employment, regardless of where you maintain your family home.

If you're not employed or self-employed, your tax home is where you regularly live. It can be a house, an apartment, or a furnished room, and you can rent or own it. It must have been available to you continuously and at all times throughout 1994, and not just for short stays during the year.

### **How do you determine a “closer connection” to Canada?**

You're considered to have a closer connection to Canada than to the U.S. if you maintain more significant ties to Canada. Some important ties include the location of the following:

- your permanent home and business activities;
- your family;
- personal belongings, such as cars, furniture, clothing, and jewellery;
- social, political, cultural, or religious organizations to which you belong;
- the jurisdiction where you vote; and
- the jurisdiction where you hold a driver's licence.

If you have applied for permanent resident status in the U.S. with the U.S. Immigration and Naturalization Service (i.e., applied for a



“green card”) or you have been granted permanent resident status (i.e., granted a “green card”), you won’t be eligible to claim the closer connection exception.

### **How do you advise the IRS about your closer connection to Canada?**

You have to file IRS Form 8840, *Closer Connection Exception Statement (Under Section 7701(b))*, to advise the IRS that your tax home is in Canada, and that you have maintained more significant ties in Canada than in the U.S. during 1994. We have included a copy of this form in the middle of this pamphlet. You can also get copies from any IRS office in the U.S., and from the Internal Revenue Service, 60 Queen Street, Suite 201, Ottawa ON K1P 5Y7.

If you have to file a U.S. income tax return for 1994, attach Form 8840 to your U.S. return. If you don’t have to file a return, send Form 8840 by the due date for filing Form 1040NR, *U.S. Nonresident Alien Income Tax Return*, (**June 15, 1995**) to the following address:

Internal Revenue Service Center  
~~Philadelphia, Pennsylvania 19255~~  
U.S.A.

Form 8840 must be filed by each individual claiming the closer connection exception. Therefore, if you have a spouse and children, each of them must also file Form 8840 to claim the closer connection exception.

### **Note**

If you don’t file Form 8840 by June 15, 1995, you won’t be eligible to claim the closer connection to Canada, and you’ll be considered a resident alien. However, you should let the IRS know if you tried to comply with the filing requirements, but were unable to do so for valid reasons. For information on your U.S. tax requirements, see “Do you have to file a U.S. return?” on page 11.

### **Example**

Hugh and Anne have determined that they are **resident aliens** for 1994, because they meet the substantial presence test. However, they file Canadian income tax returns as residents of Canada, and their permanent home, belongings, and family are in Canada. Also, they maintain their social and religious ties in their home town in Canada.

Since Hugh and Anne have closer ties to Canada than to the U.S., **and** they were present in the U.S. for less than 183 days during 1994, they may be considered non-residents of the U.S. under the closer connection exception.

Hugh and Anne each have to complete Form 8840 by June 15, 1995, to advise the IRS of their closer connection to Canada, or they won't be eligible for the exception. If they don't file on time, they may be subject to U.S. income tax on their worldwide income.

Each year, you have to determine if you are a **resident alien** or a **non-resident alien**. And each year, if you are a resident alien with closer ties to Canada than to the U.S., you have to file a new Form 8840.

### **Residence under the treaty**

If you are a resident alien because you met the "substantial presence test" and you can't claim the closer connection exception, you may be able to determine your residency status under Article IV of the *Canada-United States Income Tax Convention (1980)*.

You may be treated as a non-resident alien under Article IV, for the purposes of computing your U.S. income tax liability, if you meet the following conditions:

- you are considered a resident of both the U.S. and Canada under each country's tax laws (i.e., you're a Canadian resident and a U.S. resident alien); and
- your permanent home is in Canada, and your personal and economic ties are closer to Canada than to the U.S.

To find out if Article IV applies to you, contact any Revenue Canada income tax office, including the International Taxation Office, **and** get Form 8833, *Treaty-Based Return Position Disclosure Under Section 6614 or 7701(b)*, from the IRS. For more information on this subject, get IRS Publication 519, *U.S. Tax Guide for Aliens*.

## **Do you have to file a U.S. return?**

### **Resident alien**

Generally, resident aliens have to file a U.S. tax return to report worldwide income for the year.

If you're a resident alien who can't be considered a non-resident alien under Article IV of the *Canada-U.S. Income Tax Convention* or under the closer connection exception, you should contact the IRS for information on how to file your U.S. return. The address and telephone number are on page 4 of this pamphlet.

### **Non-resident alien**

If you are a non-resident alien, your income that is subject to U.S. income tax is divided into two categories:

- income that **is effectively connected** with a trade or business in the U.S. (including income from the sale or exchange of U.S. real property); and
- income that **is not effectively connected** with a trade or business in the U.S., but is from U.S. sources (including interest, dividends, rents, and annuities).

Effectively connected income, after allowable deductions, is taxed at the same rates that apply to U.S. citizens and residents. Income that is not effectively connected is taxed at 30% or a lower treaty rate.

As a non-resident alien, you have to file a U.S. tax return, by June 15, 1995, if:

- you have income that is effectively connected;
- you have income that is not effectively connected which did not have sufficient tax withheld at source; or
- you have income that is not effectively connected which had too much tax withheld at source.

For more information, get IRS Publication 519, *U.S. Tax Guide for Aliens*, or contact the IRS at the address and telephone number shown on page 4 of this pamphlet.

### **Did you receive U.S. gambling or lottery winnings?**

As a non-resident alien, you're subject to tax on the gross gambling or lottery winnings at the rate of 30% at the time of winning. However, winnings from blackjack, baccarat, craps, roulette, and big-6 wheel are exempt from tax.

If you received tax-exempt winnings, or if the correct tax was collected at the time of winning, you don't have to file a tax return if this is your only U.S. income.

#### **Note**

You can't claim gambling losses or expenses, such as hotel or meal costs, against gambling winnings, unless you are in the gambling business.

### **Do you own U.S. property?**

If you own U.S. property, such as a condominium or house, you should be aware of the tax consequences of renting out or selling U.S. real estate.

## **Did you receive rental income from this property?**

As a non-resident alien, you are subject to U.S. income tax on rental income you receive from U.S. real property. You're considered to have received the income from a U.S. source, even if it was paid to you while you were in Canada. Rental income is **not** effectively connected and, as such, is subject to a 30% tax on the gross income, with no expenses or deductions allowed.

However, under the *Internal Revenue Code*, you can elect to permanently treat rental income as income that is effectively connected with the conduct of a U.S. trade or business. If you make this election, you are taxed on the net income. You can claim expenses related to owning and operating the rental property during the rental period, including a mandatory depreciation charge. For information on rental income and expenses, get IRS Publication 527, *Residential Rental Property*.

To make this election, attach a letter to Form 1040NR, *U.S. Nonresident Alien Income Tax Return*, which states that you are making the election and includes the following information:

- the location of all your real property in the U.S.;
- the extent of your ownership in the property;
- a description of any major improvements to the property; and
- any previous choices and revocations you have made of the real property income choice.

Tenants or management agents (withholding agents) have to withhold non-resident tax from the gross rent and send it to the IRS using Form 1042, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*, and Form 1042-S, *Foreign Persons' U.S. Source Income Subject to Withholding*. If you want to be exempt from the non-resident withholding tax and are making the election, you have to give the tenant or management agent Form 4224, *Exemption From Withholding of Tax on Income Effectively Connected With the Conduct of a Trade or Business in the United States*.

For more information on U.S. withholding taxes, get IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations*.

### **Did you dispose of U.S. real estate?**

As a non-resident alien, gains or losses you have from disposing of U.S. real property interests are considered to be effectively connected with a U.S. trade or business. If you sell or otherwise dispose of U.S. real estate, the purchaser, or his or her agent, is generally required to withhold 10% of the gross sale price at the point of sale. You then have to file Form 1040 NR, *U.S. Nonresident Alien Income Tax Return*, to report the gain or loss.

If you own the real property with another person (such as your spouse), each of you has to file your own Form 1040NR.

Please note that stock in a U.S. corporation or an interest in a partnership may be treated the same as real estate if the corporation owns a certain amount of U.S. real estate, or if the partnership owns U.S. real estate.

For more information on gains and losses from the sale of U.S. real property, get IRS Publication 519, *U.S. Tax Guide for Aliens*.

### **U.S. estate tax for non-resident aliens**

The U.S. imposes an estate tax on the transfer of a deceased person's taxable estate. The taxable estate of a Canadian non-resident alien includes the following assets located in the U.S.:

- real estate and tangible personal property;
- stock in a U.S. corporation;
- debt issued by, or enforceable against, a U.S. entity; for example, debt security, regardless of how or where the security was purchased; and
- interest in a partnership, if the partnership is doing business in the U.S.

The U.S. estate tax is based on the fair market value of the asset on the date of death, so there is no impact from a profit or loss because of a deemed disposition on the date of death. Non-resident aliens can't claim foreign tax credits on a U.S. estate tax return for deemed-disposition capital gains income taxes paid to Canada. The IRS requires Form 706 NA, *United States Estate (and Generation-Skipping Transfer) Tax Return (Estate of a Nonresident Not a Citizen of the United States)*, for U.S. assets valued at more than \$60,000 (U.S.). For more information on U.S. estate taxes, get IRS Publication 448, *U.S. Estate and Gift Tax Guide*.

### **Need more information?**

If you need more information about U.S. tax laws or tax filing procedures while you are in Canada, write or visit the Internal Revenue Service at ~~60 Queen Street, Suite 201, Ottawa ON K1P 5Y7~~. You can call the IRS at ~~(613) 563-1834~~, or you can fax them at ~~(613) 230-1376~~. If you are in the U.S., contact the IRS office in your area.

## How Canadian income tax laws apply

### Are you a factual resident?

If you are living or travelling in the U.S. but maintain residential ties in Canada, you're usually considered a **factual resident of Canada**.

Residential ties include:

- a home in Canada;
- a spouse (see the definition of spouse in your income tax guide) or dependants who remain in Canada while you're in the U.S.; and
- personal property in Canada.

Other ties that may be relevant include social ties in Canada, a Canadian driver's licence, Canadian bank accounts or credit cards, and hospitalization insurance with a province or territory of Canada.

For more information, get Interpretation Bulletin IT-221, *Determination of an Individual's Residence Status*, and its Special Release.

### How are factual residents taxed?

As a factual resident, you have to report your world income (all income you receive from sources inside and outside Canada) for 1994. You can claim all deductions, non-refundable tax credits, and provincial or territorial tax credits that apply. You're subject to federal tax and provincial or territorial tax for the province or territory where you maintain residential ties.



## **Completing your income tax return**

Most of the information you need to complete your return is in your income tax guide. However, we have included in this pamphlet some additional information to help you complete your return.

### **Identification**

Complete the identification area on your return, but **don't show a date of entry or departure**. Only immigrants and emigrants use these spaces. If you enter a date of entry or departure, we may reduce your claim for non-refundable tax credits.

On the line for “your province or territory of residence,” enter the name of the province or territory where your home and residential ties are located.

### **Total income**

As a factual resident, you're subject to tax on your world income as though you had resided in Canada for the whole year. Be sure to report all amounts in Canadian dollars. For information, see the section called “How do you report foreign income and other amounts?” in your tax guide.

For help determining your total income, see “Step 3 — Total income” in your tax guide, and read the following information.

#### **Did you receive Form NR4B with an amount in box 18?**

Human Resources Development Canada sends Form NR4B, *Statement of Amounts Paid or Credited to Non-Residents of Canada*, to all non-residents who receive Old Age Security (OAS) and Canada Pension Plan (CPP) benefits. If you are a factual resident of Canada who has received Form NR4B, include the OAS or CPP benefits in your total income, and write “factual resident” at the top of page 1 of your return.

#### **Did you receive U.S. lottery or gambling winnings?**

This income is not taxable in Canada, so you don't have to report it on your Canadian return.

**Did you have property rentals in the U.S.?**

If so, keep records to support your income and expense claims. For information, get the income tax guide called *Rental Income*.

**Taxable income**

See “Step 4 — Taxable income” in your tax guide, and read the following information.

**Do you own or did you dispose of capital property inside or outside Canada?**

Under proposed legislation, you can no longer claim the \$100,000 capital gains exemption for dispositions of property after February 22, 1994. However, if you owned property (such as a cottage, shares, or a stamp collection) on February 22, 1994, you may be able to file a special election with your 1994 return. This election will allow you to recognize your accrued capital gains up to February 22, 1994, so that you can benefit from any unused part of your capital gains deduction.

For more details on the proposed legislation, see your income tax guide, and contact us to get the *Capital Gains Election Package*.

**Non-refundable tax credits**

See “Step 5 — Non-refundable tax credits” in your tax guide, and read the following information.

**Are you claiming the age amount?**

Under proposed legislation, the age amount will be reduced for individuals with a net income (line 236) greater than \$25,921. If this is your situation, see line 301 in your income tax guide to find out how to calculate your claim for the age amount.

**Can you claim medical expenses paid in the U.S.?**

You can claim eligible expenses that were paid for yourself, your spouse, and certain other individuals who were dependent on you for support. You can claim medical expenses that were paid in any 12-month period ending in 1994, if they were not claimed in 1993.

Your total expenses (net of any reimbursements) have to be more than 3% of your net income (line 236) or \$1,614, whichever amount is less. For more information on medical expenses, see line 330 in your income tax guide, or get Interpretation Bulletin IT-519, *Medical Expense and Disability Tax Credits*.

**Did you pay premiums to private health-services plans?**

You can claim these premiums as a medical expense on your return. See line 330 in your income tax guide for details.

**Did you donate to charities in the U.S.?**

You can claim donations you made to charities in the U.S. However, your claim is limited to 20% of your U.S. income. For more information on charitable donations, see line 340 in your income tax guide.

**Refund or balance owing**

See “Step 6 — Refund or Balance owing” in your tax guide, and read the following information.

**Can you claim foreign tax credits?**

If you paid U.S. tax on U.S. income that you are reporting on your Canadian return, you may be able to claim a foreign tax credit to reduce your Canadian taxes payable.

See lines 507 and 508 in the *General Income Tax Guide* to find out how to claim the foreign tax credit. For more information on the federal foreign tax credit, get Interpretation Bulletin IT-270, *Foreign Tax Credit*. For information on deducting foreign income taxes, get Interpretation Bulletin IT-506, *Foreign Income Taxes as a Deduction From Income*.

**Note**

Generally, you **can't** claim a foreign tax credit for U.S. taxes on income that you earned in Canada. In addition, you **can't** claim a foreign tax credit on your Canadian return for U.S. taxes you paid on U.S. lottery and gambling winnings, since these winnings are not taxed in Canada.

## Need more information?

If you need more information, or if you want to order publications or forms, contact your local Revenue Canada income tax office, or contact:

Revenue Canada  
International Taxation Office  
~~2540 Lancaster Road~~  
~~Ottawa ON K1A 1A8~~  
CANADA

Calls from within the Ottawa area ..... 952-3741  
Calls from other areas in Canada  
and the U.S. .... 1-800-267-5177

You can find the address and telephone numbers for your local Revenue Canada income tax office in your tax package, and in the Government of Canada listings of your telephone book.

### Note

**The International Taxation Office handles Canadian income tax queries only. If you have questions about your U.S. income tax affairs, please contact the IRS.**

## How Canadian customs laws apply

### Going south for the winter?

Whether you go for seven days or six months, the same benefits apply when it comes to bringing goods into Canada. There are no special benefits for Canadian residents who go south for the winter. That is one important message added to our updated *I Declare* booklet, the source most travellers use to determine their customs entitlements. You can get this booklet from Revenue Canada customs offices in Canada, and from Canadian consulates abroad.

If you spend part of the year in the U.S. for health or pleasure reasons, you are admitted as a “visitor” by the U.S. Immigration Service. We consider that you remain a resident of Canada and, when you return, you’re limited to the same exemptions as other returning residents.

Foreign goods or vehicles that you import for your personal use in Canada have to meet all the import requirements, and you have to pay any duties that apply. This means that if you rent, borrow, own, or maintain goods or vehicles outside the country, you can’t bring them into Canada, even for a few days, unless the goods or vehicles meet all the import restrictions, and you pay all duties and assessments.

What’s the bottom line? After seven or more days’ absence, and only once every calendar year, you can bring in goods up to a value of \$300 without paying any duties. For goods worth more than \$300, we will charge duties only on the amount over \$300. For example, for a \$400 item, you will have to pay duties on \$100.

### Transport Canada vehicle prohibition

There are also restrictive importation rules for vehicles, such as motor homes, trailers, trucks, and cars. Under the *North American Free Trade Agreement*, you can import eligible vehicles from the U.S. without customs import prohibitions. However, the vehicles have to meet Transport Canada’s strict safety and emission standards. This means that you can’t import most newer vehicles

that only meet U.S. standards, even if you are willing to pay the import assessments.

For more information, and to ensure that the vehicle you want to import is eligible, please contact the Road Safety and Motor Vehicle Regulation Directorate, Transport Canada, ~~13th floor, 344 Slater Street, Ottawa ON K1A 0N5~~. You can call the directorate at (613) 998-2174, or fax them at (613) 998-4831.

## Duties on cars

If your vehicle is eligible for importation into Canada, we will apply import assessments. These include duty, excise tax (if the vehicle is air-conditioned, or if it is a passenger vehicle that weighs over 2,007 kg or 4,425 lbs), and the goods and services tax (GST). Provincial or territorial sales tax and other taxes may also apply — check with the province or territory concerned.

The following example shows an assessment for a North American car made in the U.S., and imported from the U.S. in 1995.

### Example

1995 Buick Park Avenue	
Purchase price (including state taxes)	US \$25,000.00
Value for duty ( $\$25,000 \times 1.355^*$ )	CAN \$33,875.00
Duty at 2.7%	\$914.63
Excise tax on air conditioner	100.00
Excise tax on excess weight	00.00
	<u>\$1,014.63</u>
Value for tax (value + duty + excise taxes)	\$34,889.63
GST ( $\$34,889.63 \times 7\%$ )	<u>2,442.27</u>
Total cost	\$37,331.90

\* exchange rate (subject to change)

The total cost of the vehicle will be \$37,331.90, plus the provincial or territorial taxes and assessments that you have to pay when you import the vehicle.

The duty rate of 2.7% used in the example applies only to eligible vehicles imported from the U.S. which are made in the U.S. or

Canada. For eligible vehicles imported from the U.S. which are made in Mexico, the duty rate in 1995 is 2.6%. For all other eligible vehicles imported from the U.S., the duty rate remains unchanged at 9.2%.

Again, you are reminded that vehicles imported from countries other than the U.S. (including Mexico) are still subject to customs prohibitions, and Transport Canada prohibitions and requirements.

### **Value for duty**

If you import a vehicle within 30 days of the date it was delivered to the purchaser, we'll convert the original purchase price, including state sales tax and other costs that apply, to Canadian funds. This amount will be the basis for determining the value of the vehicle, with no deduction for depreciation.

However, we **do** allow an amount of depreciation for vehicles purchased new and imported after 30 days, but within one year of the date of delivery to the purchaser. We **don't** allow for depreciation for vehicles which were purchased used, but will use normal market value information from a neutral source, such as the Canadian or U.S. *Automobile Red Book* (a publication which gives values on vehicles).

In the case of a trade-in, we use **the full value of the vehicle being imported**, not just the difference you paid, to determine the vehicle's value. For more information on determining vehicle value for customs purposes, please contact Valuation Division, Customs Programs Branch, Revenue Canada, ~~9th floor, Sir~~ Richard Scott Building, Ottawa ON K1A 0L5. You can call the ~~Branch at (613) 954-2310~~, or fax them at (613) 954-5500.

You can also pick up a copy of *Importing a Motor Vehicle into Canada* from Revenue Canada customs offices in Canada, and from Canadian consulates abroad.

## **Your provincial or territorial health-care coverage**

Before you head south, don't forget to check that your provincial or territorial health-care coverage will continue throughout your stay in the United States. Also, you may find that your province or territory now limits payment for health-care treatment in the U.S., and you may want to get supplementary health-care coverage.

See the government listings in your Canadian telephone book for the address and telephone number of the provincial or territorial ministry of health office that is nearest you.



# Closer Connection Exception Statement for Aliens

OMB No. 1545-1410

▶ Attach to Form 1040NR.

# 1994

Attachment  
Sequence No. **101**

For the year January 1—December 31, 1994, or other tax year

beginning \_\_\_\_\_, 1994, and ending \_\_\_\_\_, 19

Your first name and initial

Last name

Your U.S. taxpayer identification number, if any

**Fill in your addresses only if you are filing this form by itself and not with your U.S. tax return**

Address in country of residence

Address in the United States

## Part I General Information

- 1 Enter your U.S. visa number, if any ▶ .....
- 2 Of what country or countries were you a citizen during the tax year? .....
- 3 What country or countries issued you a passport? .....
- 4 Enter your passport number(s) ▶ .....
- 5 Enter the number of days you were present in the United States during:  
1994 \_\_\_\_\_ 1993 \_\_\_\_\_ 1992 \_\_\_\_\_
- 6 During 1994, did you apply for, or take other affirmative steps to apply for, lawful permanent resident status in the United States or have an application pending to change your status to that of a lawful permanent resident of the United States?  Yes  No

## Part II Closer Connection to One Foreign Country

- 7 Where was your tax home during 1994? .....
  - 8 Enter the name of the foreign country to which you had a closer connection than to the United States during 1994  
▶ .....
- Next, complete Part IV on the back.

## Part III Closer Connection to Two Foreign Countries

- 9 Where was your tax home on January 1, 1994? .....
- 10 After changing your tax home from its location on January 1, 1994, where was your tax home for the remainder of 1994?  
.....  
.....
- 11 Did you have a closer connection to each foreign country listed on lines 9 and 10 than to the United States for the period during which you maintained a tax home in that foreign country?  Yes  No  
If "No," attach an explanation.
- 12 Were you subject to tax as a resident under the internal laws of (a) either of the countries listed on lines 9 and 10 during all of 1994, or (b) both of the countries listed on lines 9 and 10 for the period during which you maintained a tax home in each country?  Yes  No
- 13 Have you filed or will you file tax returns for 1994 in the countries listed on lines 9 and 10?  Yes  No  
If "Yes" to either line 12 or line 13, attach verification.  
If "No" to either line 12 or line 13, please explain ▶ .....

Next, complete Part IV on the back.

**Part IV Significant Contacts With Foreign Country or Countries in 1994**

- 14 Where was your regular or principal permanent home located during 1994 (see instructions)? .....
- 15 If you had more than one permanent home available to you at all times during 1994, list the location of each and explain ► .....
- 16 Where was your family located? .....
- 17 Where was your automobile(s) located? .....
- 18 Where was your automobile(s) registered? .....
- 19 Where were your personal belongings, furniture, etc., located? .....
- 20 List social, cultural, religious, and political organizations you currently participate in and the location of each:
  - a \_\_\_\_\_ **Location** \_\_\_\_\_
  - b \_\_\_\_\_ **Location** \_\_\_\_\_
  - c \_\_\_\_\_ **Location** \_\_\_\_\_
  - d \_\_\_\_\_ **Location** \_\_\_\_\_
  - e \_\_\_\_\_ **Location** \_\_\_\_\_
- 21 Where was the bank(s) with which you conducted your routine personal banking activities located?
  - a \_\_\_\_\_ c \_\_\_\_\_
  - b \_\_\_\_\_ d \_\_\_\_\_
- 22 Did you conduct business activities in a location other than your tax home? . . . . .  **Yes**  **No**  
If "Yes," where? .....
- 23a Where was your driver's license issued? .....
- b If you hold a second driver's license, where was it issued? .....
- 24 Where were you registered to vote? .....
- 25 When completing official documents, forms, etc., what country do you list as your residence? .....
- 26 Have you ever completed:
  - a Form W-8, Certificate of Foreign Status? . . . . .  **Yes**  **No**
  - b Form W-9, Request for Taxpayer Identification Number and Certification? . . . . .  **Yes**  **No**
  - c Form 1078, Certificate of Alien Claiming Residence in the United States? . . . . .  **Yes**  **No**
  - d Any other U.S. official forms? If "Yes," indicate the form(s) ► .....
- 27 In what country/countries did you keep your personal, financial, and legal documents? .....
- 28 From what country/countries did you derive the majority of your 1994 income? .....
- 29 Did you have any income from U.S. sources? . . . . .  **Yes**  **No**  
If "Yes," what type? .....
- 30 In what country/countries were your investments located? .....
- 31 List any charitable organizations to which you made contributions and their locations:
  - a \_\_\_\_\_ **Location** \_\_\_\_\_
  - b \_\_\_\_\_ **Location** \_\_\_\_\_
  - c \_\_\_\_\_ **Location** \_\_\_\_\_
  - d \_\_\_\_\_ **Location** \_\_\_\_\_
- 32 Did you qualify for any type of government sponsored "national" health plan? . . . . .  **Yes**  **No**  
If "Yes," in what country? .....
- If "No," please explain ► .....
- If you have any other information to substantiate your closer connection to a country other than the United States or you wish to explain in more detail your response to lines 14 through 32, attach a statement to this form.

**Sign here only if you are filing this form by itself and not with your U.S. tax return**

Under penalties of perjury, I declare that I have examined this form and the accompanying attachments, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

\_\_\_\_\_  
Your signature

\_\_\_\_\_  
Date